



## **FACTORS AFFECTING EXCHANGE RATE IN SOUTHEAST ASIAN COUNTRIES**

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**JULY 2015**

## Declaration of Original Work



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"DECLARATION OF ORIGINAL WORK"

We, Nurfara Inani binti Ismail, (I/C Number: 921108-04-5072) and Norsikin binti Abu Othman  
(I/C Number: 920318-05-5282)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project-paper is the result of our independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of our information have been specifically acknowledged.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

(Nurfara Inani Binti Ismail)

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(Norsikin Binti Abu Othman)

## Letter of Transmittal

July 2015

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Dear Sir/Madam,

### Submission of Final Project Paper

Attached is the project paper title “**Factors Affecting Exchange Rate In Southeast Asian Countries**” to fulfill the requirement needed by the Faculty of Business Administration, Universiti Teknologi MARA.

Thank You,

Sincerely,

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(Nurfara Inani Binti Ismail)

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## **Abstract**

The aim of this study is to investigate factors affecting exchange rate in Southeast Asian countries. The dependent variable of this study is exchange rate while independent variables are interest rate, term of trade and external debt. The sample of study consists of four Southeast Asian countries which are Malaysia, Thailand, Indonesia and Philippine and data collected covers the period from 1992 until 2012. This study employs Panel Regression Random Effect Model in order to study the relationship between those variables. The result of this study found that only external debt has positive significant relationship with exchange rate while interest rate and term of trade do not have significant relationship with exchange rate.

Key words: exchange rate, interest rate, term of trade, external debt, Southeast Asian

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